ILLINOIS BUSINESS REVIEW

A MONTHLY SUMMARY OF BUSINESS CONDITIONS FOR ILLINOIS

PUBLISHED BY . . . .
BUREAU OF ECONOMIC AND BUSINESS RESEARCH
COLLEGE OF COMMERCE · UNIVERSITY OF ILLINOIS

PER. R. R. 3 1951

VOLUME VII | DECEMBER, 1950 | NUMBER 12

HIGHLIGHTS OF BUSINESS IN NOVEMBER

The effects of partial mobilization began to be felt throughout the nation as November drew to a close. Restrictions on the use of such basic materials as steel, aluminum, rubber, copper, nickel, and zinc are expected to reduce sharply the production of many civilian goods (Special article, p. 8). Credit restrictions have already curbed the sales of automobiles and other heavy consumer durables, as the volume of consumer credit outstanding appears to be leveling off in the neighborhood of $19 billion.

The problem of equating the record demand for goods with the available supply is becoming increasingly difficult. This is especially so in view of rising military demands and the fact that the economy appears to be operating at near capacity for the time being. After jumping nearly 30 percent from September to October to a postwar high of 215, the Federal Reserve Board index of industrial production in November is expected to remain at October's level.

Prices Continue Advance

The record demand for goods has, not unexpectedly, resulted in further price increases. By the end of November, the Bureau of Labor Statistics index of wholesale prices had reached a new all-time high of 171.7 percent of the 1926 average. On the average, wholesale prices are now 9.1 percent above the pre-Korean levels and 13.3 percent above last November. The main increases as compared with last year have taken place in the prices of livestock, meats, textiles, building materials, and chemicals; each of these commodity groups has risen 15 percent or more.

Wholesale prices are not the only ones to reach new highs. The consumers' price index advanced to an all-time high of 174.8 percent of its 1935-39 average by October 15, mainly on the strength of a 2.3 percent hike in housefurnishings prices. The farm parity ratio rose two points in the month ended November 15, to a two-year high of 105, as the index of prices received by farmers jumped 3 percent in the month.

Unemployment Rises Slightly

The entrance of many persons seeking temporary holiday employment into the labor force and the conversion of some plants to military production led unemployment in November to rise to 2.2 million, slightly above the October level. Nevertheless, the stepped-up pace of industrial production caused total nonfarm employment to reach an all-time high for November of 53.7 million. Further increases in nonfarm employment are clearly in prospect as the defense program attains momentum.

Farm employment declined seasonally by almost one million workers. As a result, total employment fell off half a million from the October level.

Construction Boom Maintained

The construction boom is still going full blast, although the value of new construction put in place in November declined 8 percent from the October level. Most forms of nonresidential building actually rose over October, against the usual seasonal downturn, but a 10 percent drop in private home building, due no doubt to the recent restrictions on housing credit, accounted for the over-all decline. Government restrictions were also responsible for a fall in the construction of amusement and recreational facilities, the only other private construction category to decline.

Despite the drop, the $2.5 billion of total construction activity and the $1 billion of private home building during the month represent the highest November levels on record. Total outlays for new construction so far this year exceed $25 billion, 22 percent above the total for the first eleven months of 1949.

Manufacturers' Backlogs Increase

Despite record levels of production, manufacturers' backlogs continued to rise. New orders of manufacturers in October advanced by 4 percent over the September total to $24.6 billion. Manufacturers' sales in the month also rose, but amounted to only $22.9 billion. Hence a further increase in unfilled orders took place, though part of this increase undoubtedly represents military orders scheduled for future delivery.

The rush to acquire durable goods is mainly responsible for the huge backlog of orders. Nearly 85 percent of total unfilled orders in October was on the books of durable-goods manufacturers. Some idea of the pressure on durable goods may be obtained from the fact that, on the basis of October sales, the average durable-goods manufacturer would have to work three months to take care of his unfilled orders as against two weeks in the case of nondurable-goods manufacturers.

INDUSTRIAL PRODUCTION CONTROLS · · By George A. Steiner · · Page 8

ILLINOIS BUSINESS REVIEW

Published monthly by the

BUREAU OF ECONOMIC AND BUSINESS RESEARCH
UNIVERSITY OF ILLINOIS

The material appearing in the *Illinois Business Review* is derived from various primary sources and compiled by the Bureau of Economic and Business Research. Its chief purpose is to provide businessmen of the State and other interested persons with current information on business conditions. The *Review* will be sent free on request.

Entered as second-class matter February 5, 1944, at the post office at Urbana, Illinois, under the Act of August 24, 1912.

V LEWIS BASSIE, *Director* — HILDA R. STICE, *Editor of Publications*

ROBERT FERBER, *Research Assistant Professor*

INEZ CONLEY, *Research Associate*

Research Assistants

RUTH A. BIRDZELL — ANNE N. GHER

In Defense of "Inflation"

Although the price advances of the past half year are commonly referred to as "inflation" and continuing upward pressure on prices is inherent in the war program, the current economic situation is not one of out-and-out inflation. It is true that consumers' prices reached a new record high in October, but except for the sharp upsurge from April to July, the advance was relatively moderate. From July to October the increase amounted to only 1.3 percent, or less than ½ percent per month. Wholesale prices advanced more rapidly but, like retail prices, barely regained their previous peak. More recently, following the Chinese counterattack in Korea, a new push in prices got under way.

Unless it is assumed that the Korean war will become global in the near future, surges like those of July and November must be regarded as temporary patterns in the advance. They derive, not from the actualities of military procurement, but from expectations of things to come. Their effect is to anticipate the future rather than to establish new trends. What the future justifies becomes current through developments like the rush to accumulative inventories; in October, the increase in business inventories reached an annual rate of $15 billion.

More feared by some than the mere increase in prices is the fact that wages are also on the uptrend. From June to October average hourly earnings in manufacturing industries increased 3 percent, slightly more than the increase in prices. But even if wage payments continued to move up with prices, there could be no real danger of a self-perpetuating wage-price spiral. Part of each increment of income "leaks out" of the income stream. A large portion of recent wage increases has gone into higher taxes or pension reserves rather than into take-home pay. Savings also will increase. These "leakages" inevitably limit the advance. The "spiral" can be expected to go up coordinately with the expansion of military programs, but not much further.

Nor is this situation at all like the great inflations of history. Typically, those were produced by ever-mounting government deficits financed by unrestrained expansion of the money supply. Today, the Federal budget is moving from a rather substantial deficit toward balance. Even with the stepped-up military program, the government's cash receipts will approximately equal its cash payments in the current fiscal year. And on a reasonable projection — like that attempted here two months ago, though accelerated somewhat toward a higher goal — the deficit will be moderate even in fiscal 1952.

Control Policy

There can, of course, be no justification for permitting sharp price advances, like those of all-out inflation, to continue over an extended period of rearmament. If the present expansion of military expenditures continues into a full war effort, there will be no alternative to over-all price and wage controls.

The question now, however, is how long less all-pervasive forms of control can suffice. Through most of 1951, the increase in total production should exceed the increase in military production, leaving increased supplies available for civilian use. The pressure on prices need not be severe, therefore, for some time to come.

Sound policy in these circumstances would call for preparation against a price emergency, but withholding of over-all controls until they were clearly required. It is significant that those with the most direct experience of the difficulties and disadvantages of price controls during World War II are least eager to have them reimposed. When they are imposed, resources are necessarily wasted in administration; normal productive processes meet interference and initiative is frustrated; monopolistic practices grow and are imbedded in the economic structure; and lawlessness and inefficiency are fostered in black market operations. Only in a real emergency can the cooperation necessary to make the controls effective be elicited. It is not a prospect to be undertaken lightly.

What may as well be recognized is that there can be no easy way out when civilian supplies are being curtailed by diversion into war use. Of necessity, all of us will have to share the burden; and all of us will lose, not when prices and incomes are rising moderately, but when production is unnecessarily restricted. The objective, therefore, should be to maximize total production while providing fully for military needs. In so far as this objective is furthered by price and wage changes, "inflation" must be regarded as a valid instrument of control policy.

As a rule, few people are really harmed by moderate increases in prices and incomes. Few incomes are really fixed; and such movements, occurring over extended periods, are normal rather than unusual in our economy. Even when prices are advancing as rapidly as 1 percent a month — as they were in the years just before imposition and just after termination of the wartime controls — there is little hardship in an economy that offers numerous opportunities for remunerative employment.

Fiscal and Monetary Measures

In these circumstances, the appeal to all-out fiscal and monetary measures as the only hope for economic salvation may easily be overdone. What needs to be considered is precisely the degree to which such measures are preferable to some further price advances.

As a practical matter, only one fiscal measure seems to offer an effective means of restraining the advance, and that is taxation. Credit restrictions have already been applied on consumers' durable goods and housing. Whether consumer credit can be tightened sufficiently to cut purchases as much as they will be cut by restrictions on production is doubtful. The problem of restricting business credit is even more complex, because so much expansion is required in civilian as well as in war in-

(continued on page 9)

GLOVEMAKING

Gloves were one of man's first clothing accessories. From prehistoric times men tried to protect their hands, usually with rude fur mittens rather than gloves as we know them today. The first fingered gloves were worn thousands of years before the Christian era by the Egyptian Pharaohs, and they were popular with both Greeks and Romans centuries before they were brought into Western Europe from Italy during the Middle Ages.

At first only men of wealth and position wore gloves, which were made to measure and were often heavily perfumed and encrusted with jewels. Women did not begin to wear them until the sport of hawking became popular about the 15th century. The gloves made to protect the ladies of the courts from the claws of the falcons they carried on their wrists were one of the earliest types of work gloves, as distinguished from gloves for dress wear or protection from the elements.

Queen Elizabeth was very fond of wearing gloves and, as a compliment to her, they began to be more widely worn in England and their makers formed groups or guilds. The first organized glove industry in Europe grew up in the city of Perth in Scotland.

By the 18th century the industry was well established in Britain, and about 1760 Sir William Johnson brought a company of glovers from Scotland to Fulton County, New York, to start a glove center in America like that in Perth. The small settlement, called Gloversville, did not sell gloves beyond the adjoining towns until about 1810, but a century later almost half of all the gloves made in the United States came from Fulton County. The state of New York still leads the nation in the production of gloves for dress and semi-dress wear.

Although for years the industry was primarily devoted to the manufacture of dress gloves, the production of gloves for the protection of industrial and farm workers was increasing in importance. In 1947 the value of work-glove production exceeded the $75 million dress-glove total by $15 million. The value of fabric and leather-faced work gloves, which made up 80 percent of the work-glove total, was almost as high as the total value of leather, fabric, and combination dress gloves together.

Work-Glove Production Centers in Midwest

The glove industry originally came to the Chicago-Milwaukee area to be near the source of supply of the stronger leathers used in making heavy gloves and mittens. The industry continued to grow in this area until today the Midwest leads in the production of work gloves of all kinds.

In 1947 Wisconsin ranked first in sales value of all-leather work gloves, while Illinois was the nation's leading producer of fabric and leather-faced work gloves. Illinois glove manufacturers include some of the largest companies in the industry. The Boss Manufacturing Company, the biggest producer of work gloves and mittens in the world, has plants in Kewanee and Peoria, and other large manufacturers are located in Chicago, and in Carbondale, Effingham, and Beardstown downstate.

As some of the first all-fabric work gloves were made by Boss about 1910, the cotton glove industry is comparatively young. Although Illinois is still important in the relatively small leather work-glove industry, in which it ranks second in number of people employed, the original heavy leather glove manufacturing in this area rapidly declined. The cheaper cotton and leather-faced products required less expensive materials and were found to take less time and skill to produce.

Originally a Needle Industry

Like many other early American industries, glove manufacturing was entirely a hand operation at first, and was often carried on by entire families in their homes. A new era began for the industry about 1850 with the invention of the sewing machine. Today mechanical equipment very similar to that employed in shoe manufacturing is used for glove cutting, sewing, forming, and pressing operations.

The manufacture of gloves for use in manual labor is less skilled and a good deal more mechanized than that of dress gloves. Manufacture of the finest quality gloves may require over 80 individual operations and handling by at least 100 skilled operators.

The skins used in glovemaking come in great variety from all over the world. Typical heavy glove leathers are horsehide, deerskin, sheepskin, and cowhide, whereas popular leathers for dress gloves are fine kidskin, doeskin, and pigskin. The chief fabrics used in work gloves are canton flannel and jersey cloth, sometimes combined with leather.

Gloves for Every Task

Because work gloves are strictly for protection and each type is adapted to a specific use, they are often very unusual looking. Saddle leather hand pads safeguard handlers of the hot objects and sharp-edged materials of the foundry, and special gloves are made for such tasks as welding, fire-fighting, and cornhusking. Some are reinforced with steel ribbons like the open-ended leather mittens used for handling steel sheet and lumber.

During World War II, the glove industry supplied the armed forces with a variety of articles including mittens for arctic wear, gloves for handling barbed wire, and aviators' gloves, some of which were electrically heated for high altitude flying.

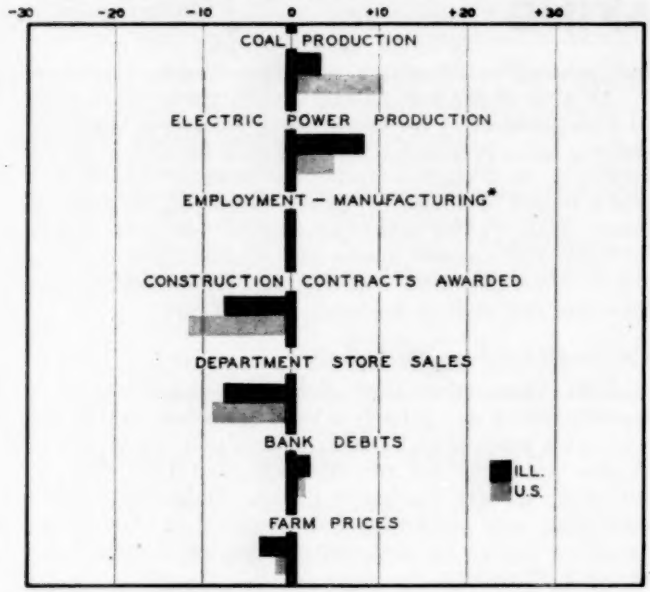
Most of the gloves required by the armed forces are made entirely of leather and are supplied by the leather glove industry, whose normal output for the services is about 2 percent of total production. However, military orders have been increasing for the past eight months and are soon expected to approach 50 percent of the industry's sales. Gloves, therefore, whether worn by welders or marines, have become a war essential and a far cry from their foppish ancestors whose use was once considered an affectation.

KNOW YOUR STATE

STATISTICAL SUMMARY OF BUSINESS ACTIVITY

SELECTED INDICATORS

Percentage changes September, 1950, to October, 1950



* Figure for Illinois not available.

ILLINOIS BUSINESS INDEXES

Items	October 1950 (1935-39 =100)	Percentage Change from Sept. 1950	Percentage Change from October 1949
Electric power[1]	307.4	+8.7	+24.9
Coal production[2]	135.4	+3.4	+266.3
Employment—manufacturing[3]	n.a.	.....	.....
Payrolls—manufacturing[3]	n.a.	.....	.....
Dept. store sales in Chicago[4]	229.3[a]	−2.6	+ 5.6
Consumer prices in Chicago[5]	180.4	+0.3	+ 3.4
Construction contracts awarded[6]	453.6	−7.5	+13.1
Bank debits[7]	331.9	+2.2	+25.0
Farm prices[8]	238.7	−3.3	+12.2
Life insurance sales (ordinary)[9]	201.4	+5.5	+18.5
Petroleum production[10]	245.1	+3.7	− 1.3

[1] Fed. Power Comm.; [2] Ill. Dept. of Mines; [3] Ill. Dept. of Labor; [4] Fed. Res. Bank, 7th Dist.; [5] U. S. Bur. of Labor Statistics; [6] F. W. Dodge Corp.; [7] Fed. Res. Bd.; [8] Ill. Crop Repts.; [9] Life Ins. Agcy. Manag. Assn.; [10] Ill. Geol. Survey.
[a] Seasonally adjusted. n.a. Not available.

UNITED STATES MONTHLY INDEXES

Item	October 1950	Percentage Change from Sept. 1950	Percentage Change from October 1949
	Annual rate in billion $		
Personal income[1]	230.1[a]	+ 0.6	+13.7
Manufacturing[1]			
Sales	254.4[a]	+ 1.0	+34.2
Inventories	31.4[a, b]	+ 2.6	+ 8.7
New construction activity[1]*			
Private residential	14.6	− 7.1	+45.9
Private nonresidential	9.2	+ 0.4	+13.9
Total public	8.6	− 3.0	+ 6.3
Foreign trade[1]			
Merchandise exports	10.8	− 0.7	+ 6.0
Merchandise imports	11.1	+ 7.3	+65.4
Excess of exports	−0.3	.....	.....
Consumer credit outstanding[2]			
Total credit	19.4[b]	+ 0.3	+12.4
Installment credit	13.4[b]	+ 0.3	+31.6
Business loans[2]	16.3[b]	+ 3.8	+19.2
Cash farm income[3]	43.2	+28.6	+ 7.3
	Indexes (1935-39 =100)		
Industrial production[2]			
Combined index	215[a]	+ 1.4	+29.5
Durable manufactures	260[a]	+ 3.2	+48.6
Nondurable manufactures	195[a]	+ 0.5	+10.2
Minerals	167[a]	+ 2.5	+49.1
Manufacturing employment[4]			
Production workers	163	+ 0.6	+15.2
Factory worker earnings[4]			
Average hours worked	110	+ 1.0	+ 4.3
Average hourly earnings	250	+ 1.1	+ 7.5
Average weekly earnings	276	+ 2.1	+12.2
Construction contracts awarded[5]	481	−11.7	+ 7.0
Department store sales[2]	292[a]	− 8.8	+ 5.4
Consumers' price index[4]	175	+ 0.6	+ 3.7
Wholesale prices[4]			
All commodities	210	− 0.2	+11.1
Farm products	234	− 1.4	+11.4
Foods	218	− 2.7	+ 8.1
Other	199	+ 1.4	+11.4
Farm prices[3]			
Received by farmers	250	− 1.5	+10.7
Paid by farmers	202	+ 0.4	+ 6.8
Parity ratio	103[c]	− 1.0	+ 5.1

[1] U. S. Dept. of Commerce; [2] Federal Reserve Board; [3] U. S. Dept. of Agriculture; [4] U. S. Bureau of Labor Statistics; [5] F. W. Dodge Corp.
[a] Seasonally adjusted. [b] As of end of month. [c] Based on official indexes, 1910-14 = 100. * Data revised; not comparable with figures in previous issues.

UNITED STATES WEEKLY BUSINESS STATISTICS

Item		1950 Nov. 25	1950 Nov. 18	1950 Nov. 11	1950 Nov. 4	1950 Oct. 28	1949 Nov. 26
Production:							
Bituminous coal (daily avg.)	thous. of short tons	1,810	1,974	1,831	1,902	1,942	2,458
Electric power by utilities	mil. of kw-hr.	6,508	6,728	6,574	6,551	6,563	5,537
Motor vehicles (Wards)	number in thous.	116.1	118.4	153.7	169.6	179.6	71.9
Petroleum (daily avg.)	thous. bbl.	5,813	5,809	5,837	5,823	5,823	5,133
Steel	1935-39 = 100	221.9	221.9	222.5	221.2	221.7	161.5
Freight carloadings	thous. of cars	701	837	840	862	888	665
Department store sales	1935-39 = 100	319	368	342	315	313	330
Commodity prices, wholesale:							
All commodities	1926 = 100	171.2	171.0	170.0	169.6	168.9	151.7
Other than farm products and foods	1926 = 100	162.4	162.6	162.2	161.9	160.8	145.0
28 commodities	August, 1939 = 100	343.1	346.6	342.5	336.1	332.2	250.0
Finance:							
Business loans	mil. of dol.	16,989	16,919	16,710	16,529	16,322	13,772
Failures, industrial and commercial	number	146	170	135	181	160	148

Source: *Survey of Current Business, Weekly Supplements.*

RECENT ECONOMIC CHANGES

Production Slows

Severe weather was an important factor in limiting industrial activity during November. Steel production was maintained at a level 2 or 3 percent above capacity for most of the month, averaging about 1,980,000 tons weekly, but was cut sharply by the storms that blanketed the eastern United States on Thanksgiving week end; in the following week, output dropped to 82 percent of the rated capacity, or 1,575,000 net tons of ingots and castings. Coal was likewise adversely affected, with tonnage mined in the bituminous industry dropping from an average of 11,400,000 tons to 9,050,000 tons weekly. Automotive production was cut sharply, not by weather but by model change-overs. Between the week ending November 4 and that ending November 25, weekly vehicle output dropped from nearly 170,000 cars and trucks to about 115,000, as most car makers completed the change. In each case, however, production recovered rapidly to high levels.

Important basic materials remain in short supply, despite record levels of production, and are the topic of increasingly urgent plans for expansion. Some of the steel companies have raised their sights considerably in planning expansion of their plants and the big three in aluminum are all projecting new facilities and improved utilization of existing plants.

Labor Situation Eases

The squeeze on the labor force slackened a little in November as farm work tapered off and unemployment rose. Nonagricultural employment rose to 53,721,000, highest November level on record, in spite of some layoffs caused by transition from peace to war production. These layoffs may have contributed to the rise of 300,000 in unemployment, but by and large the changes from October to November are seasonal in nature, reflecting the end of the crop year. One factor to be considered in regard to the labor force is the increasing demands of the armed forces. In November, 1,941,000 persons were in the armed services; mobilization plans call for 3,000,000 by next summer, and perhaps more, depending on developments. It is to be expected, therefore, that more women and older workers will be recruited for the civilian labor force.

Bureau of Census data, in thousands of workers, are as follows:

	November 1950	*October 1950*	*November 1949*
Civilian labor force	63,512	63,704	62,927
Employment	61,271	61,764	59,518
Agricultural	7,551	8,491	7,878
Nonagricultural	53,721	53,273	51,640
Unemployment	2,240	1,940	3,409

Wages and hours continued to rise from mid-September to mid-October for the nation's factory production workers. At an average of 41.4 hours, the work week was up .4 of an hour during the month and was the longest since December, 1945. Increases in hours worked in durable-goods industries were the most important factor in the over-all gain. Longer hours were general throughout durable-goods production plants with the largest advances shown by ordnance and accessories, lumber and wood products, primary metals, electrical machinery, and transportation equipment. Among nondurable products, only the apparel and other finished textile products group showed a notable increase in hours worked. Average hourly earnings rose by nearly 2 cents during the period, in durable-goods manufacture by about 1 cent and in nondurables by slightly more than 2 cents. Weekly wages, rising from $60.68 to $61.98, another new high, reflected both longer hours and higher hourly pay, together with more general payments of overtime rates.

Prices Continue to Rise

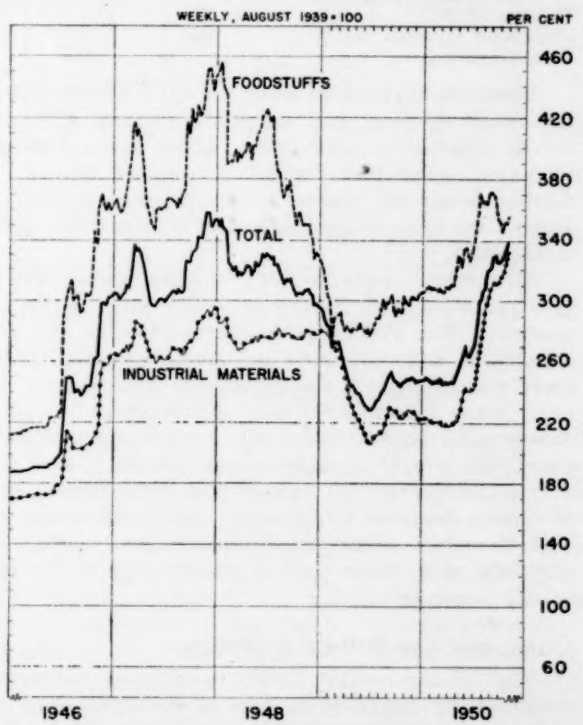
Prices generally rose more rapidly during November. The BLS index of wholesale prices of 28 basic commodities rose 3.4 percent to 346.8 (August, 1939 = 100). Foods, rising steadily during the month to 363.8 were nearly 4 percent higher on November 30 than on November 1. Industrial materials prices were up nearly 3 percent to 337.6. It may be seen from the chart, however, that even the recent substantial rises leave foods and the all-item index below their postwar peaks, and foods very much below their 1948 high point. In contrast, industrial materials, rising since May, are now considerably above the previous peak.

The all-commodities wholesale price index advanced fractionally each week during November to show a total gain of 1.2 percent for the four weeks ending November 28. At 171.7 (1926 = 100), the index had reached a new record high, a little more than 1 percent over the previous postwar peak of 169.8 set in August, 1948.

Consumer prices were up 0.6 percent from September 15 to October 15 to 174.8 (1935-39 = 100), another new high in the price field. The previous record was 174.5, set in August and September, 1948. For once, food prices were the least important factor in the index change, rising only 0.2 percent during the period. Housefurnishings were up 2.3 percent during the period and apparel 1.5 percent.

The Bureau of Labor Statistics, in releasing monthly data, reported that the rent component of the index is

WHOLESALE PRICES: BASIC COMMODITIES



Source: Bureau of Labor Statistics. Reproduced from a Federal Reserve chart.

shortly to be revised, and estimated that the index is now too low by 1.3 percentage points. After correction for the downward bias in rents, which now amounts to about 6 percent, the October index would be 176.1 percent of the 1935-39 average.

National Product Booms

The outbreak of hostilities in Korea, added to peak-level activities, boosted gross national product substantially during the third quarter. Data recently published by the Department of Commerce indicate that by far the largest proportion of the advance occurred in spending for consumers' goods, which rose $13 billion at an annual rate over the second quarter, the largest quarterly gain on record. Both durable and nondurable goods were bought more freely, but durables increased by nearly $7 billion as a result of forward buying of items most likely to be affected by the prospective switch to war production. About one-third of the total rise in consumption spending reflected price increases, the remainder showing greater volume.

GROSS NATIONAL PRODUCT OR EXPENDITURE

(seasonally adjusted, billions of dollars at annual rates)

	3rd Qtr. 1950	*2nd Qtr. 1950*	*3rd Qtr. 1949*
Gross national product	284.3	270.3	254.4
Personal consumption	198.4	185.2	179.0
Durable goods	33.5	26.7	24.7
Nondurable goods	104.9	99.3	97.6
Services	59.9	59.2	56.6
Domestic investment	48.4	46.9	32.1
New construction	22.8	21.3	16.9
Producers' durable equipment	27.1	22.3	19.4
Changes in business inventories	−1.5	3.4	−4.2
Nonfarm inventories only	−1.0	4.0	−3.2
Foreign investment	−3.3	−2.0	.1
Government purchases	40.8	40.2	43.2

INCOME AND SAVINGS

National income	n.a.	229.1	216.7
Personal income	224.8	215.1	203.8
Disposable personal income	204.7	195.6	185.1
Personal saving	6.4	10.4	6.2

Domestic investment rose by $1½ billion with expenditures on plant and equipment gaining substantially at the expense of inventories, which were depleted by increased sales. Net foreign investment was cut still further during the quarter as purchases of supplies from abroad were increased both for consumption and for stock-piling.

Government purchases, up slightly during the third quarter, were still 5 percent lower than in the third quarter, 1949. Procurement programs have not as yet resulted in large increases in Federal spending, although there was a moderate rise during the third quarter. However, rising expenditures were nearly offset by declining foreign aid and by sales of agricultural commodities previously bought to support farm prices.

Of the nearly $10 billion gain in personal income, $7 billion occurred in wage and salary payments. About half the latter advance was attributed to increased employment and about half to longer hours and higher hourly earnings.

Consumer Credit About Steady

The impact of the FRB's restrictions on consumer credit finally began to be felt in October, when credit outstanding rose by only $51 million as compared with rises of more than $300 million monthly since May. After the Board's long-awaited revision to exclude loans of over $3,000, consumer credit totaled $19.4 billion of which $13.4 billion represented installment loans, up $42 million from September.

Business loans, however, continued to climb rapidly. Weekly advances ranged from $70 million to $237 million, with a total increase of more than $600 million for the four weeks ended November 29. Loans outstanding for commercial, agricultural, and industrial purposes totaled $17.1 billion by the end of the month, an increase of $3.5 billion since the end of June and $3.3 billion over November, 1949. Some of the increase in loans can be attributed to price advances, but the fact remains that loans have been increasing relative to business inventories.

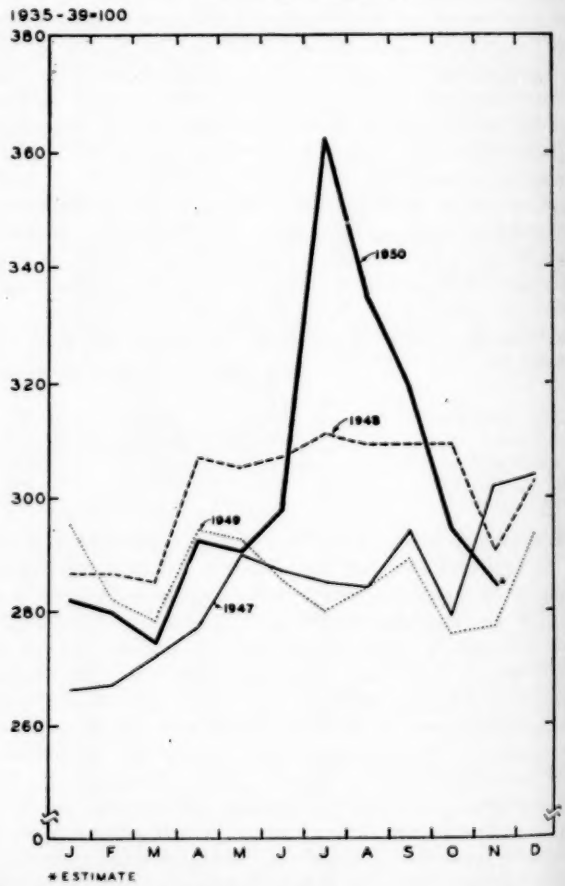
Department Store Sales Strong

In contrast with this time last year when department store managements were worried about lagging sales, recent months of 1950 have so far been more lively, as shown in the chart. The scare-buying spree of July, which caused concern for quite a different reason, has spent itself and it seems likely that the November level of sales is near that which might have been expected without war influences. Sales for November, although lower than in the corresponding months of 1947 and 1948, are still well above last November's level.

Total retail sales continued to decline from earlier boom levels in October as Korean developments seemed more favorable and expectations of shortages lessened, but October sales were still 9 percent over October, 1949.

DEPARTMENT STORE SALES

(seasonally adjusted)



Source: Federal Reserve Board.

BUSINESS BRIEFS

PUBLICATIONS AND DEVELOPMENTS OF BUSINESS INTEREST

Measuring Moisture

A measuring instrument for the control of moisture in grain and flour that has been popular in Europe will soon be available in the United States, according to Emile Garden, manufacturer's representative, Bridge Street, New York 4, N. Y. Called Aqua-Part, the device provides a fast and accurate system of moisture calculation. Portable, and operating on a dry battery, it gives analytically correct moisture content in one minute. The results can be read immediately and directly on a large dial without reference to charts or diagrams.

Wage-Hour Bulletin

A new Wage-Hour interpretive bulletin entitled "Retail and Service Establishment and Related Exemptions" has been issued by the Wage and Hour Division of the Department of Labor. Described as a practical guide to employers and employees, it explains how retail and service establishments may qualify for overtime pay exemptions under the Fair Labor Standards Act. About 7 million employees in the retail trade establishments and about 5 million in service industries are affected by these exemptions, and all but a small proportion of the retail and service establishments will be removed from the jurisdiction of the minimum-wage and overtime-pay requirements of the wage-hour law. Typical local retail or service establishments that will be exempted include grocery, hardware, clothing, and furniture stores.

Silicone Rubber Compound

General Electric has developed a new silicone rubber compound that is said to permit rubber fabricators to mold silicone rubber parts with highly improved mechanical and thermal properties. It is outstanding for its ease in processing and many parts can be fabricated from it without prolonged oven cure. After only a 5-minute warm up, it has excellent molding and extrusion properties. Fabricated parts obtained with the new compound have high tensile strength, high elongation, excellent electrical properties, and are serviceable over a wide temperature range. Many new applications for silicone rubber mechanical goods, including boots, belting, hose, and mountings, are expected to come from its use.

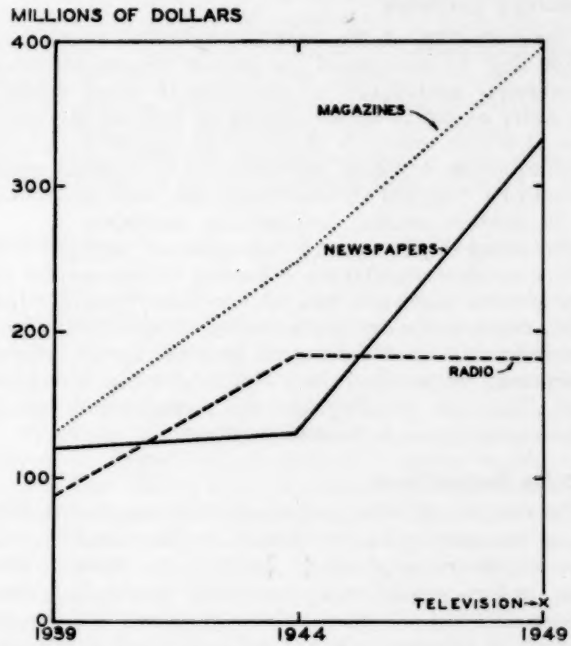
Social Security

Prentice-Hall, Incorporated (70 Fifth Avenue, New York 11, N. Y.) has published a booklet entitled: *The 1950 Social Security Act with Explanation.* The Social Security Act has had its first major overhauling since 1939 and now covers some 10 million persons who up to now have not been eligible for benefits. How these new provisions affect practically everyone who works, as well as those who employ workers, is the subject of this booklet. Employers will want to know what the new taxes will be, when and if they will change, how they will be withheld from the employees' wages, on what new employees and additional wages they will have to withhold the tax, what changes in the record system will have to be made, and what tax-saving opportunities are still available. New Social Security benefits for employees will also affect management's bargaining position with regard to employee demands for retirement plans.

Magazine Advertising

The Absolutes of Magazine Advertising is the title of a book put out by the Magazine Advertising Bureau, New York City, to tell the story of the national magazine as an advertising medium. It describes national magazine circulation and the characteristics of its audience, discussing magazine advertising and its effectiveness. As shown by the chart, magazine advertising receipts outrank those of newspapers, radio, and television and have almost trebled advertising volume since 1939. More than twice as many advertisers use magazines as their sole advertising outlets as depend on newspapers and the radio combined. The book stresses that no matter how much an advertiser may feel that his business is "different," he should not ignore the national magazine as an advertising medium.

VOLUME OF NATIONAL ADVERTISING
(advertisers spending $25,000 or more in each medium)



Source: Magazine Advertising Bureau.

Corrosion-Resistant Steel

The Carnegie-Illinois Steel Corporation announced recently that it has developed an exceptionally strong new steel, called T1, that was designed to provide two to three times the resistance to atmospheric corrosion offered by plain carbon steels. The strength of the steel, which remains tough even at temperatures below zero, is attributed to small quantities of a comparatively large number of alloying elements. T1 has almost twice the strength of the high-strength, low-alloy steels and can be economically made in quantity in standard open-hearth furnaces. It may be welded easily with welding electrodes that are now available, yet it possesses almost triple the strength of ordinary welding-grade structural steels.

INDUSTRIAL PRODUCTION CONTROLS

GEORGE A. STEINER, Associate Professor of Economics

At the moment the United States is ankle deep in the sea of mobilization controls. Even though the current crises in Korea may not plunge the nation into World War III, mobilization controls undoubtedly will expand in the coming months. If current threats to world peace result in World War III, they will of course expand tremendously in a short time.

The bulk of controls launched to date, as a result of the armament build-up program begun last summer, are industrial production controls instituted primarily by the newly created National Production Authority. Such controls have two primary objectives. First, they seek to insure that sufficient scarce resources will be available to meet military and most urgent civilian demands. Second, they attempt to insure an orderly and balanced flow of scarce materials through the industrial machine so that resources are used most efficiently to produce the largest volume of most needed goods and services. Four major types of industrial production controls have been introduced by the government to achieve these objectives.

Inventory Controls

The very first of the current production regulations (NPA Reg. 1) was issued "to prevent the accumulation of excessive inventories of materials in short supply." The order sought to do this simply by limiting the quantities of scarce materials that may be held to a "practicable minimum working inventory." The original order applied to a long list of basic materials, such as lumber, metals, rubber, textiles, and building materials.

Following the issuance of this order on September 18, 1950, a gradual mandatory reduction of inventories of some critical materials has taken place. Thus, for example, cobalt inventory has been limited to a 20-day production level. As more materials become scarcer relative to demand, further inventory restrictions can be anticipated. They will probably take the form, as with cobalt, of lower maximum permissible holdings.

Priority Regulations

On October 3, 1950, a comparatively simple priorities system was established (NPA Reg. 2). The regulation introducing the priority control set forth the kinds of purchase orders which could be rated, established their preference over all other orders, described the ground rules which industry must use in filling rated orders, and prescribed only one rating band symbolized by the letters "DO." Ratings were made extendable. Thus, any producer receiving a rated order was permitted to pass on the rating to his supplier, and the supplier to his sub-supplier, and so on down to the basic material producer. This system, of course, was designed to insure that contracts carrying a "DO" symbol would be filled promptly.

In World War II the simple priority system launched in 1940 quickly got into trouble. It broke down when rated orders on the books of producers increased beyond capacity. Then, the priority system was completely inadequate to adjudicate competing claims at any level of production. Conscious of this problem, the NPA has restricted the use of "DO" ratings to military contracts and the defense needs of the Atomic Energy Commission.

Pressures are increasing and will continue to grow to extend priorities to other producers of essential items who have production problems. Thus, for example, NPA mill directives have been issued to steel producers to earmark 300,000 tons of steel per month for freight car production. Producers of power plant equipment also point to the essentiality of their product and their growing difficulties in acquiring basic materials and subassembly parts. Such pressure to expand the use of ratings will probably become too severe to resist. Ingenious methods of patching up the priority system may be devised, but eventually the result will be a replacement of the system in certain areas by comprehensive allocation controls.

Limitation Orders

Limitation orders are those which limit or restrict the output of specified end products. Introduced on a large scale in World War II, the limitation-order technique has been used sparingly today. Its principal use has been in prohibiting certain types of construction. M-4, dated October 26, for example, prohibits certain types of construction in thirty-five categories, such as baseball parks, country clubs, dance halls, and lodge clubs. The purpose of this sort of control, of course, is to conserve scarce resources by eliminating their less essential uses.

Further adoption of this type of order is quite likely. As materials become scarcer in relation to demand, pressure for differentiating among essentialities of uses for scarce materials is likely to lead to limitations on the production of less essential goods and services. This is particularly likely for less essential products which chew up important quantities of scarce materials.

Conservation Orders

Conservation orders issued in the past two months affect industry and civilian supplies more seriously than any of the three preceding methods of control. As the name implies, these controls are designed to conserve scarce materials by restricting their use in various products. Thus, for example, the copper conservation order (M-12) provides that no fabricator may use copper or copper-base alloys in December in amounts in excess of 100 percent of his average monthly consumption during October and November, 1950. Use in the first quarter of 1951 is limited to from 80 to 85 percent of his average monthly consumption in production in the first six months of 1950. Such reduction in the use of copper applies solely to civilian goods, since a manufacturer with a rated order may get copper to fill that order in addition to copper permitted to him for civilian production.

Other outstanding uses of this type of control have been made. The use of aluminum for nonmilitary production has been cut approximately 34 percent for the first quarter of 1951 production; civilian use of cobalt has been reduced by 70 percent; and natural rubber by 30 percent. Columbium has become so short that no one may now produce, sell, deliver, or purchase columbium alloys without a "DO" rating.

It is altogether likely that this type of control will be further used — to apply to more materials and to effect deeper cuts in materials now under control.

These conservation orders create a number of difficult problems. Five of the most important may be noted.

First, the "buckshot" approach of these orders draws no distinction between essential and unessential civilian products. Thus, copper used in ash trays is treated identically with copper used in public utility maintenance. As

the economy tightens it will become more and more apparent that certain types of civilian goods are more essential than others, not only for the civilian economy but also to support military programs. Recognition of this point has already put severe pressure on NPA to expand the use of "DO" ratings for essential civilian products.

Second, these orders penalize the nonintegrated versus the integrated producers. Thus, for example, a producer of refrigerators may find his supply of motors so seriously reduced, because of a conservation order affecting the production of his supplier, that he is forced to cut production. If given the chance he might be able to save much more of the material in question than his supplier by substituting less scarce materials in making his refrigerator shell. On the other hand, an integrated producer who supplies most of the parts for his refrigerator may be able to conserve enough scarce materials in the nonoperating parts to continue volume production of finished refrigerators.

Third, the use of a uniform base period applicable to all producers penalizes producers who for whatever reason had relatively low volume in the base period. The aluminum conservation order has already been modified in recognition of this sort of problem by replacing a single base period with several base periods from which producers may choose to operate.

Fourth, a serious problem is in the making next year if military orders are not placed in sufficient volume to utilize the productive capacity released by these orders.

Finally, varying treatments for different materials may upset balanced production schedules because producers cannot acquire all the materials they need in just the right amounts for efficient operation.

Trends in Control

Such difficulties will likely lead to comprehensive allocation programs, though parts of present controls will be kept to supplement the allocation machinery.

A comprehensive allocation system, such as the World War II controlled-materials plan, can solve several fundamental problems which current controls less effectively resolve. It can strike an over-all quantitative demand-supply balance among universally used materials which constitute a common limiting factor on total national production. It can equate marginal uses for scarce materials on a basis much more rational than that of the present conservation-type orders. Thus, the government can effectively discriminate against a less essential use for scarce material in favor of a more essential use. The control, by rationing materials throughout industry, can also establish a basis for orderly material flows and balanced production.

This summary reveals three important trends in the evolution of current industrial production controls. The first is the tendency for existing controls to expand into more areas. The second is the tendency for existing controls to become more restrictive. The third is a likely metamorphosis from present control patterns to comprehensive over-all allocation systems.

Short of a miraculous easing of international tensions, the impact of current and contemplated production control is likely to cause a decline in the standard of living. We are not likely to have both "guns" and "butter" in the current defense program as we did in World War II, because today the economy is tight as a drum, at very high employment and production levels, and lacks the large reserves of unused resources then available.

In Defense of "Inflation"

(Continued from page 2)

dustries. The individual banker is not in a position to discriminate between essential and nonessential loans and could not in any case enforce a ban on most civilian businesses by refusing loans.

Similarly, government expenditure programs offer far less possibility of savings than is commonly supposed. The really large programs are war-connected. Most of the others have already been the targets of economy drives for some time; and there are a variety of reasons why large further savings cannot be obtained in this way.

The question is, then, how much should taxes be increased? The idea that the war effort should be put completely on a pay-as-you-go basis sounds attractive, and seems to be working out for the time being as the budget approaches balance; but at some point on the road to full mobilization, it would almost surely prove impractical.

The idea that any general price increase should be prevented by higher taxation has less to recommend it even at the outset. Taxes cannot be readily adapted to changing conditions. Moreover, in some areas of acute shortage, it may be neither desirable nor possible to hold the line on prices. Then, if the general price level is to be kept stable, other prices would have to move down to compensate the advances; and there seems little justification for squeezing weak prices down in a period of rapidly expanding incomes and costs.

An important fact in this context is that "inflation" also brings higher tax revenues. Under our progressive tax system, expanding incomes and profits produce a more than proportionate expansion of government receipts. Thus, an "inflation" of prices and incomes, while forcing the government to pay more for the goods and services it procures, will tend to increase government receipts more than it will expenditures.

Proposals for tax increases also raise the perennial questions: What kind of taxes? On whom should their burden fall? There is no assurance that any new taxes likely to be enacted will in fact distribute the burden of the war effort more equitably. They are likely to hit all alike — those whose incomes have fallen as well as those who have gained. The way rising incomes are effectively taxed is by getting up into the higher brackets, not by reduced exemptions or by small, regressive increases in tax rates.

Nor can it be demonstrated that taxes are per se a better way of allocating the burden among consumers than higher prices. The public pays in either case. Whether new taxes on income would restrict prices enough to better the real return to the average consumer is doubtful. There are substantial funds from sources other than current income bidding for the goods and services currently produced. These are more generally taxed by the rises in prices, and allow the individual the fullest discretion as to whether he will spend or save his income. A sales tax similarly allocates the burden to spenders rather than savers, but if such a tax is enacted, we may never be able to get rid of it.

It would hardly be wise to let the excitement of the moment hasten us into acceptance of measures that carry beyond the needs of the present situation. VLB

LOCAL ILLINOIS DEVELOPMENTS

Most Illinois business indicators registered strong gains in October as compared with the preceding month and with October, 1949. Part of the percentage increases over last October were due to the generally depressed level of activity last year resulting from the work stoppages in the steel and coal mining industries.

Electric Power Production

Electric power production in the State increased 9 percent from September to reach a new all-time high of 1.9 billion kilowatt hours. This is 25 percent over the October, 1949, level.

A 69,000-volt transmission line of the Southwestern Illinois Electric Co-Operative between Cave in Rock and Elizabethtown has recently been energized to bring electric service to farmers and others in the area south of Shawneetown. The co-op is now completing the addition of 150 miles of lines which will ultimately provide service for some 500 families in eight counties in southeastern Illinois.

The Illinois Power Company of Decatur recently announced issuance of $13 million of stock to repay short-term bank loans for construction and to continue its five-year building program. In 1948, when a $150 million construction program was begun to enable it to generate its own electricity, the company was primarily a distributor, buying approximately 90 percent of its power. By the end of this year, it expects to be generating 90 percent of its power.

The formal opening of the new $70 million Ridgeland plant of the Commonwealth Edison Company of Chicago was scheduled for early in December. The new station is the first major addition to the company's Chicago system since 1929 and begins operations with one 150,000-kilowatt unit. It is designed for an ultimate capacity of 600,000 kilowatts. The new unit increases the capacity of the Edison system to 2,802,000 kilowatts.

Construction

Construction contracts awarded in October declined to $75 million, down 7.5 percent from September, but still 13 percent above contract awards last October. All of the decline occurred in nonresidential building and public works and utilities construction. Residential building increased during the month despite the recent housing credit regulations.

Preliminary figures for Chicago indicate that more permits to build houses were issued in October than in any other October in the last 24 years. In the 12 months ended with September, permits were taken out for a total of 16,000 residential units. This number was the largest since 1929 and only a little more than 2,000 units below the figure for that year.

In September and October, the State Department of Health approved plans for improvements in waterworks systems in 48 Illinois communities, including specifications for proposed new systems in Beecher City and Sherrard.

According to a report of the Civil Aeronautics Administration, Illinois will receive $1.3 million of Federal funds this fiscal year for improvement of 10 airports in the State. The money, which in most instances is to be matched by local or State funds, will be used for improvements at the following airports:

Bloomington Municipal	$70,000	Decatur Municipal	$30,000
Cairo	40,000	Quad City, Moline	200,000
Chicago:		Quincy Municipal	30,000
O'Hare Field	500,000	U. of I., Savoy	60,000
Chicago Municipal	160,000	Capital, Springfield	135,000
Merrill Meigs Field	35,000		

Recent defense contracts awarded in the State included a million dollar contract to the Sundstrand Machine Tool Company at Rockford and two totaling $300,000 to the Home Manufacturing Company at Decatur. Unclassified war contracts awarded in the Chicago area by late November approximated $100 million.

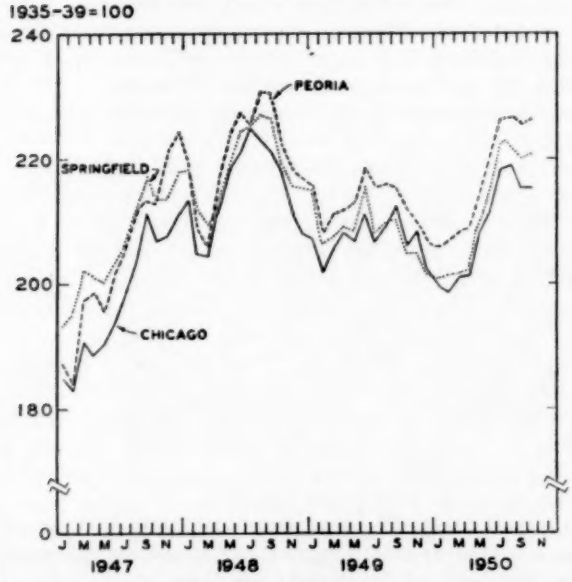
Prices

The retail food price indexes in Chicago, Peoria, and Springfield appear to be diverging, as is shown by the chart on this page. Compared with average prices during the 1935-39 base period, food prices by mid-October were up 126 percent in Peoria, 121 percent in Springfield, and 115 percent in Chicago. Early in the year, the Chicago and Springfield indexes were about equal, but since then food prices in Springfield have risen faster than in Chicago. As yet the three indexes are still below their all-time highs reached in July and August, 1948.

The Chicago composite index of consumers' prices reached a new high in mid-October, advancing 0.3 percent from September 15 to reach 180.4 percent of its 1935-39 average on October 15. Price increases occurred in all principal groups of commodities except foods, which held steady. The fact that the U. S. index on October 15 was only 174.8 shows that, since the 1935-39 base period, prices of consumer goods in Chicago have advanced more than in other large cities generally. (This, however, does not necessarily indicate that prices are higher in Chicago than in other large cities since Chicago prices may have been lower in the base period.)

Illinois farmers received lower prices for most of their products in mid-October than a month earlier. The index of prices received by Illinois farmers on October 15 was 266 percent, down 3 percent from mid-September. Meanwhile the prices farmers had to pay for products increased slightly, causing the State parity ratio to decline from 105 in September to 102 in October.

RETAIL FOOD PRICES



Source: Bureau of Labor Statistics.

COMPARATIVE ECONOMIC DATA FOR SELECTED ILLINOIS CITIES

October, 1950

		Building Permits[1] (000)	Electric Power Consumption[2] (000 kwh)	Estimated Retail Sales[3] (000)	Department Store Sales[4]	Bank Debits[4] (000,000)	Postal Receipts[5] (000)
ILLINOIS		**$44,265**[a]	**822,079**[a]	**$492,170**[a]		**$10,347**[a]	**$11,473**[a]
Percentage Change from	Sept., 1950	*+79.6*	*+3.8*	*+0.6*	*−2.0*	*+2.2*	*+3.8*
	Oct., 1949	*+59.6*	*+18.6*	n.a.	*+3.6*	*+25.0*	*+3.2*
NORTHERN ILLINOIS							
Chicago		**$36,941**	**651,655**	**$362,205**		**$9,360**	**$10,067**
Percentage Change from	Sept., 1950	*+116.3*	*+3.8*	*+1.4*	*−0.9*	*+1.9*	*+2.7*
	Oct., 1949	*+71.9*	*+18.3*	n.a.	*+4.3*	*+26.1*	*+2.4*
Aurora		**$ 240**	n.a.	**$6,643**		**$ 40**	**$ 81**
Percentage Change from	Sept., 1950	*−25.0*		*−1.0*	*−7.7*	*−1.2*	*+7.3*
	Oct., 1949	*−39.2*		n.a.	*+3.2*	*+18.0*	*+6.8*
Elgin		**$ 333**	n.a.	**$5,009**		**$ 26**	**$ 74**
Percentage Change from	Sept., 1950	*+109.4*		*−4.0*	*−7.3*	*−3.9*	*−0.5*
	Oct., 1949	*−66.5*		n.a.	*+5.7*	*+16.4*	*+2.3*
Joliet		**$ 713**	n.a.	**$8,754**		**$ 46**	**$ 53**
Percentage Change from	Sept., 1950	*+59.2*		*−2.6*	*−4.6*	*−0.7*	*−5.6*
	Oct., 1949	*+86.2*		n.a.	*+5.4*	*+28.2*	*−21.1*
Kankakee		**$ 249**	n.a.	**$4,497**		n.a.	**$ 33**
Percentage Change from	Sept., 1950	*+149.0*		*−4.1*	*−5.3*		*+18.2*
	Oct., 1949	*+111.0*		n.a.	*+8.4*		*+27.5*
Rock Island-Moline		**$ 811**	**14,701**	**$9,176**		**$ 31**[b]	**$ 142**
Percentage Change from	Sept., 1950	*+2.5*	*+2.3*	*+3.9*	n.a.	*−10.7*	*+6.1*
	Oct., 1949	*−11.2*	*+15.3*	n.a.		*+7.8*	*+21.0*
Rockford		**$ 722**	**24,834**	**$14,400**		**$ 113**	**$ 147**
Percentage Change from	Sept., 1950	*−35.9*	*+6.4*	*−0.3*	*−2.2*	*−1.8*	*+4.2*
	Oct., 1949	*+59.3*	*+27.8*	n.a.	*+4.4*	*+29.0*	*+6.9*
CENTRAL ILLINOIS							
Bloomington		**$ 340**	**4,830**	**$5,281**		**$ 50**	**$ 87**
Percentage Change from	Sept., 1950	*+21.4*	*+6.5*	*+0.9*	n.a.	*+9.6*	*+42.1*
	Oct., 1949	*−38.3*	*+30.0*	n.a.		*+12.8*	*+16.1*
Champaign-Urbana		**$ 211**	**7,088**	**$7,040**		**$ 54**	**$ 88**
Percentage Change from	Sept., 1950	*−33.6*	*+15.0*	*+5.8*	n.a.	*+19.2*	*+41.5*
	Oct., 1949	*−5.0*	*+18.6*	n.a.		*+10.7*	*+19.8*
Danville		**$ 111**	**6,599**	**$5,640**		**$ 35**	**$ 51**
Percentage Change from	Sept., 1950	*−60.4*	*−5.1*	*−1.3*	*−10.2*	*−6.1*	*+13.4*
	Oct., 1949	*−2.6*	*+8.0*	n.a.	*−7.2*	*+3.9*	*+2.3*
Decatur		**$ 669**	**17,674**	**$9,212**		**$ 103**	**$ 81**
Percentage Change from	Sept., 1950	*+263.6*	*+7.8*	*+0.3*	*−13.9*	*+38.9*	*+9.2*
	Oct., 1949	*+87.9*	*+41.1*	n.a.	*−14.5*	*+7.2*	*+9.6*
Galesburg		**$ 621**	**4,909**	**$3,898**		n.a.	**$ 29**
Percentage Change from	Sept., 1950	*+491.4*	*+6.2*	*−3.0*	n.a.		*+19.9*
	Oct., 1949	*+194.3*	*+21.7*	n.a.			*+13.9*
Peoria		**$ 645**	**44,535**[c]	**$16,628**[c]		**$ 205**	**$ 174**
Percentage Change from	Sept., 1950	*−31.5*	*+1.6*	*−2.7*	*−1.9*	*+2.9*	*+9.1*
	Oct., 1949	*+25.7*	*+18.4*	n.a.	*+2.0*	*+13.5*	*+5.6*
Quincy		**$ 403**	n.a.	**$4,603**		**$ 34**	**$ 76**
Percentage Change from	Sept., 1950	*−74.3*		*−6.1*	*−5.0*	*+9.3*	*+42.4*
	Oct., 1949	*+391.5*		n.a.	*0.0*	*+10.5*	*+22.3*
Springfield		**$ 571**	**20,202**[c]	**$13,006**		**$ 85**	**$ 181**
Percentage Change from	Sept., 1950	*+14.0*	*+0.7*	*+3.0*	*−8.6*	*+0.3*	*+9.1*
	Oct., 1949	*+71.0*	*+7.4*	n.a.	*+1.9*	*+16.5*	*+7.1*
SOUTHERN ILLINOIS							
East St. Louis		**$ 267**	**9,922**	**$8,310**		**$ 139**	**$ 49**
Percentage Change from	Sept., 1950	*+96.3*	*+6.4*	*−9.3*	n.a.	*+10.4*	*+7.7*
	Oct., 1949	*+14.6*	*+17.5*	n.a.		*+17.8*	*+21.8*
Alton		**$ 279**	**11,135**	**$4,232**		**$ 27**	**$ 23**
Percentage Change from	Sept., 1950	*+50.0*	*+7.0*	*−8.6*	n.a.	*+4.2*	*+4.1*
	Oct., 1949	*+65.1*	*+22.9*	n.a.		*+17.1*	*−2.3*
Belleville		**$ 139**	**3,996**	**$3,637**		n.a.	**$ 34**
Percentage Change from	Sept., 1950	*+11.2*	*−9.3*	*−13.9*	n.a.		*+22.7*
	Oct., 1949	*−24.0*	*+11.0*	n.a.			*+19.3*

Sources: [1]U. S. Bureau of Labor Statistics. Data include Federal construction projects. [2]Local power companies. [3]Illinois Department of Revenue. Data are for September, 1950, the most recent available. Comparisons relate to August, 1950. [4]Research Departments of Federal Reserve Banks in Seventh (Chicago) and Eighth (St. Louis) Districts. [5]Local post office reports.

[a] Total for cities listed.

[b] Moline only.

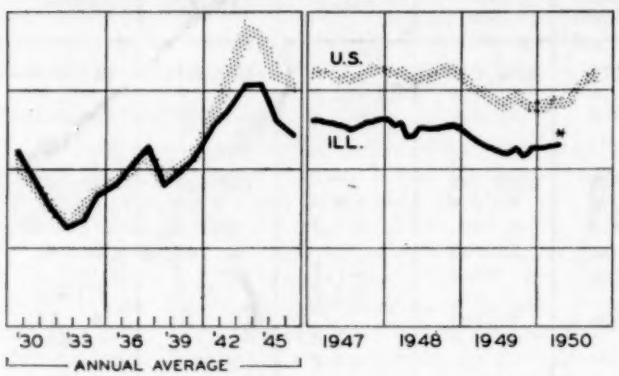
[c] Includes immediately surrounding territory.

n.a. Not available.

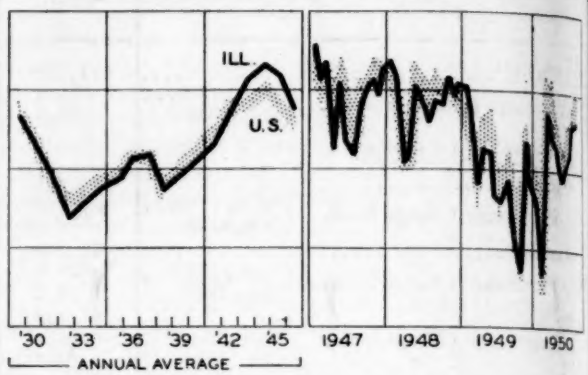
INDEXES OF BUSINESS ACTIVITY

1935-1939 = 100

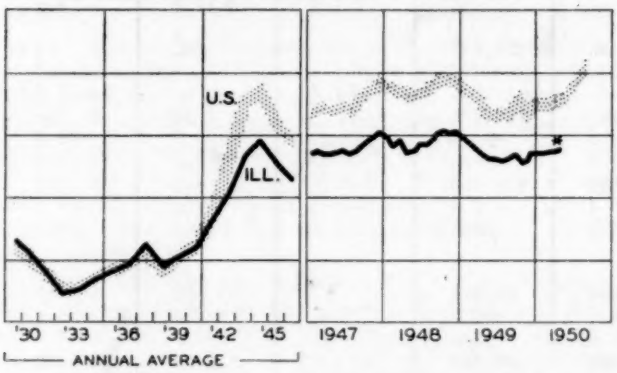
EMPLOYMENT–MANUFACTURING



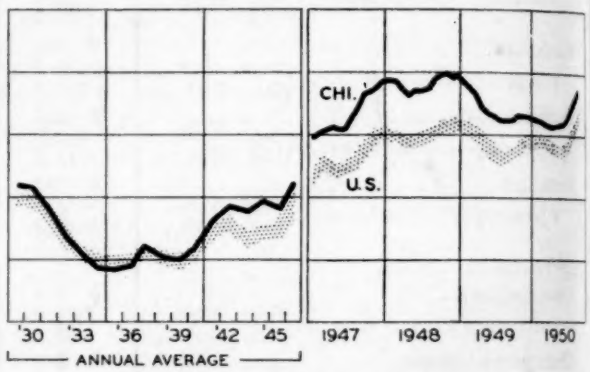
COAL PRODUCTION



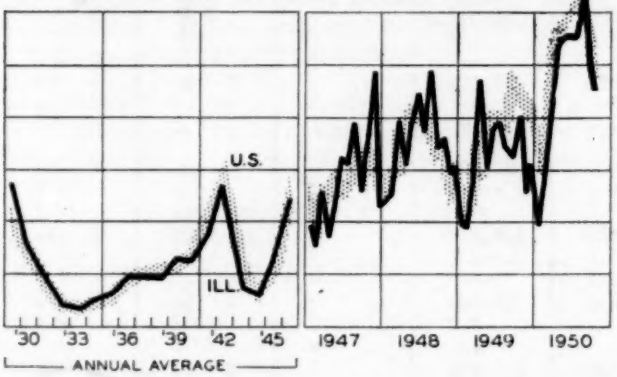
PAYROLLS–MANUFACTURING



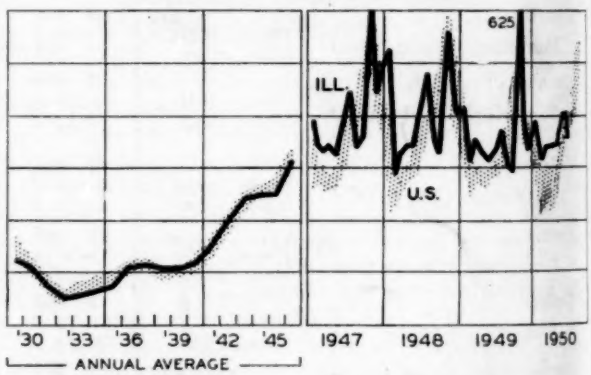
BUSINESS LOANS



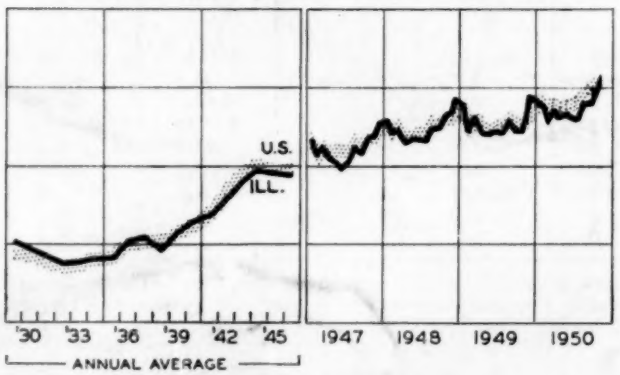
CONSTRUCTION CONTRACTS AWARDED



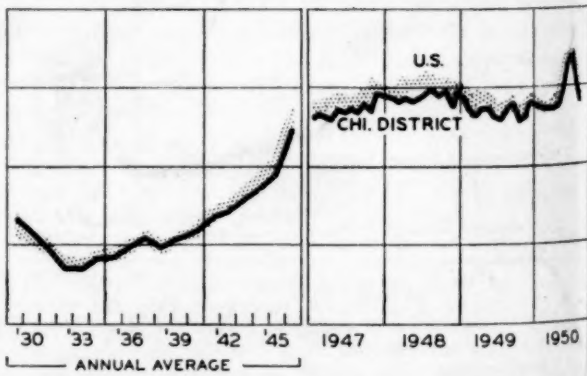
CASH FARM INCOME



ELECTRIC POWER PRODUCTION



DEPARTMENT STORE SALES



* Illinois figures being revised.